

REPORT TO: SCRUTINY COMMITTEE – 25 SEPTEMBER 2019

REPORT ON: DUNDEE IJB 2018/19 ANNUAL INTERNAL AUDIT REPORT

REPORT BY: SENIOR MANAGER – INTERNAL AUDIT

REPORT NO: 318-2019

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee, for information only, the Dundee Integration Joint Board (IJB) 2018/19 Annual Internal Audit Report.

2.0 RECOMMENDATIONS

- 2.1.** It is recommended that Members of the Committee note the contents of the Dundee IJB 2018/19 Annual Internal Audit Report.

3.0 FINANCIAL IMPLICATIONS

None

4.0 MAIN TEXT

- 4.1.** The Integrated Resources Advisory Group guidance states that it is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources. This responsibility includes determining who will provide the internal audit service for the IJB and nominating a Chief Internal Auditor.
- 4.2.** The IJB formally took over operational responsibility of the delegated functions with effect from 1 April 2016. In May 2016, the Dundee IJB approved the arrangements for the provision of internal audit services to the IJB for the period 2016/17 with a partnership approach between Fife, Tayside and Forth Valley Audit and Management Services (FTF) and Dundee City Council's Internal Audit Service. At the same time, the Chief Internal Auditor from FTF was appointed as the Dundee IJB Chief Internal Auditor. Internal audit arrangements have remained unchanged since then and at its meeting on 28 May 2019, the IJB Performance and Audit Committee (PAC) gave approval for these arrangements to continue for 2019/20.
- 4.3.** A copy of the Chief Internal Auditor's Annual Internal Audit Report for 2018/19, which was approved by the IJB at its meeting on 25 June 2019, is attached at Appendix A.

5.0 POLICY IMPLICATIONS

This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

6.0 CONSULTATIONS

The Chief Executive, Executive Director of Corporate Services, Head of Corporate Finance and Head of Democratic and Legal Services have been consulted on the content of this report.

7.0 BACKGROUND PAPERS

None.

Pamela Redpath, Senior Manager – Internal Audit

DATE: 5 September 2019

**DUNDEE IJB
INTERNAL AUDIT SERVICE**



**ANNUAL INTERNAL AUDIT REPORT
2018/2019**

Issued To: D Lynch, Chief Officer
D Berry, Chief Finance Officer

Dundee Integration Joint Board
External Audit- Audit Scotland

Date: 18 June 2019

ANNUAL INTERNAL AUDIT REPORT 2018/19**INTRODUCTION**

1. The Integrated Resources Advisory Group (IRAG) guidance outlines the responsibility of the Integration Joint Board (the IJB) to establish adequate and proportionate internal audit arrangements for review of the adequacy of arrangements for risk management, governance and control of the delegated resources.
2. This guidance states that the IJB has responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control. To inform this review and the preparation of the governance statement, as stated in the CIPFA framework on Delivering Good Governance in Local Government, Internal Audit is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control.
3. Guidance issued in April 2017 requires IJBs to prepare their annual accounts and governance statements in accordance with Local Authority Accounts (Scotland) Regulations 2014. These regulations require an authority to:
 - i) Be responsible for ensuring that the financial management of the authority is adequate and effective and that the authority has a sound system of internal control which:
 - (a) facilitates the effective exercise of the authority's functions; and
 - (b) includes arrangements for the management of risk.
 - ii) Conduct a review at least once in each financial year of the effectiveness of its system of internal control.
4. The CIPFA 'Delivering Good Governance' in Local Government Framework 2016 places a responsibility on the authority to ensure *additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control* is provided by the internal auditor.
5. To inform this review and the preparation of the governance statement, as stated in the CIPFA framework on Delivering Good Governance in Local Government, Internal Audit is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control. As Chief Internal Auditor, this annual report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2018/19.
6. This review examined the framework in place during the financial year 2018/2019 to provide assurance to the Chief Officer, as Accountable Officer, that there is a sound system of internal control that supports the achievement of the IJB's objectives. It considered:
 - ✧ Corporate Governance
 - Clinical Governance
 - Staff Governance
 - Financial Governance
 - Information Governance

EXECUTIVE SUMMARY

7. The 2015/16 IJB Annual Internal Audit Report first recommended that accountability and responsibilities of the IJB in respect of all governance arrangements should be clarified and agreed by the IJB, and thereafter flow through to risk management and assurance arrangements. Whilst progress has been made, a number of matters remain outstanding, due to the complexity, sensitivity and difficulty of the issues as well as the capacity of the IJB to deliver governance changes whilst implementing substantial transformative change.
8. Previous reports have acknowledged that the IJB was a developing organisation and that its governance structures were, therefore, necessarily emergent. However, after three years of operation, we have now assessed arrangements based on an expectation of increasing maturity.
9. We welcome the progress made by Dundee IJB in service planning and improvement, alongside the ongoing development of governance arrangements:
 - ◇ The strong focus of the PAC on scrutiny of performance and comprehensive reporting provided
 - ◇ The Chair's assurance report from PAC to the IJB
 - ◇ The development of a RAG rated Governance action plan
 - ◇ Discussion of governance principles
 - ◇ Developments in Clinical and Care Governance arrangements
10. The IJB faces a challenging financial position going forward. Success will depend on adequate management capacity and corporate support to deliver a significant savings programme; and drive the necessary transformational change within the available capacity as well as manage the business as usual. The development and implementation of a Workforce plan as a fundamental enabling strategy is crucial.
11. The need for immediate governance improvements has crystallised through the publication of the Ministerial Steering Group (MSG) report, which shows that most of the problems we have previously identified in Dundee IJB are replicated across many parts of Scotland. The IJB submitted its response to the MSG subject to further revisions to take account of further input from NHS Tayside in May 2019. Many areas were assessed as established, with around 40% assessed as '*Partly established*'; proposed improvement actions are included against all proposals.
12. It is to be hoped that the impetus created by the MSG report will create an environment in which significant and rapid progress may be achieved.
13. The Audit Committee should continue regular monitoring of progress in implementing the actions arising for the MSG report combined with previously agreed governance actions and should be aware of the consequences of any non-achievement for the overall control environment.

14. Dundee IJB directs more than half of its services from NHS Tayside but is also in an interdependent relationship with both parent bodies in which the controls in place in one body inevitably affect those in the other. The draft NHS Tayside Governance Statement concludes that corporate governance was operating effectively throughout the financial year. We have been informed that the Dundee City Council Senior Manager – Internal Audit has concluded in her annual internal audit report that *'It is my opinion, [...], that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year to 31 March 2019.* Whilst both contain some issues which are of interest to the IJB, neither would give rise to any requirement for consideration in the IJB's Governance Statement.
15. The IJB has produced a draft Governance Statement for 2018/19 which reflects the IJB's own assessment for areas for development, including the issues highlighted by Internal Audit in relation to transformation and workforce. The Governance Statement also sets out a number of actions to further strengthen governance arrangements. A number of these are outstanding from previous years and are now included in a Governance Action Plan. The action plan was approved by the PAC in March 2019 and progress updates will be provided to each future meeting of PAC.

CONCLUSION

16. As Chief Internal Auditor, this annual report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2018/19.
17. Based on work undertaken I have concluded, that:

- **Subject to the issues highlighted in the Governance Statement, reliance can be placed on the IJBs governance arrangements and systems of internal controls for 2018/19.**

18. In addition, I have not advised management of any concerns around the following:

- **Consistency of the Governance Statement with information that we are aware of from our work;**
- **The format and content of the Governance Statement in relation to the relevant guidance;**
- **The disclosure of all relevant issues.**

ACTION

19. The IJB is asked to **note** this report in evaluating the internal control environment for 2018/19 and **consider** any actions to be taken on the issues reported for consideration.

INTERNAL CONTROL

20. Following a meeting of Dundee IJB in May 2016, FTF were appointed as the IJB's Internal Audit Service. The PAC has approved the Internal Audit Charter as well as a protocol for the sharing of audit outputs between the partner organisations. We can confirm that FTF complies with the Public Sector Internal Audit Standards (PSIAS).

21. During 2018/19 the NHS Tayside Internal Audit Service was externally quality assessed (EQA) by the Institute of Internal Auditors in June 2018 and concluded that FTF generally conforms to the International Professional Practice Framework (IPPF). An action plan is in place and being monitored through the NHS Tayside Audit & Risk Committee. An EQA of Dundee City Council Internal Audit Service in June 2018 concluded that the Council's Internal Audit Service fully conforms with 11 of the 13 standards and generally conforms with the remaining two.
22. The 2018/19 internal audit plan was approved by the PAC in July 2018. Audit work has been undertaken, in partnership with the Dundee City Council Internal Audit Service, sufficient to allow the Chief Internal Auditor to provide his opinion on the adequacy and effectiveness of internal controls.
23. To inform our assessment of the internal control framework, we developed a self assessment governance checklist for completion by management. The checklist was based on requirements of the Integration Scheme, guidance issued by the Scottish Government to support Health and Social Care Integration and best practice. It was also cross referenced to the requirements of the CIPFA 'Delivering Good Governance in Local Government Framework 2016' and supporting guidance notes for Scottish Authorities. Our update of the checklist for 2018/19 focused on the proposals laid out in the February 2019 'Review of Progress with Integration of Health and Social Care' by the Ministerial Strategic Group for Health and Community Care.
24. Internal Audit validated the assessments reached through discussion with management and examination of the supporting evidence and documentation. Based on our validation work, we can provide assurance on the following key arrangements in place by 31 March 2019; and also comment on where further development is needed in 2019/20. Based on our assessment, we also recommend further issues for consideration by management.
25. Last year we recommended that a Governance Action Plan be created to include actions within the annual Internal Audit report, a RAG rating for outstanding issues and include greater clarity on whether the action is on track, remedial action taken and the effectiveness of that action. A Governance Action Plan in that format has been prepared and was approved by the PAC on 25 March 2019. We further recommend that it is extended so that the implementation of actions arising from the MSG report can be incorporated and monitored, taking account of the considerable duplication between our findings and those of the MSG.
26. It is vital that the PAC continues to regularly monitor progress regularly in implementing agreed actions and understands the consequences of any non achievement or slippage in the governance action plan in overall context.
27. Our evaluation of the IJB's Governance Framework is summarised below:

A - Corporate Governance
A1 - Key arrangements in place as at year end 2018/19
<ol style="list-style-type: none"> I. Our review of agendas and minutes of the IJB during the year shows that in this third year of operation, the main focus of the IJB was service planning and improvement, as well as a range of governance topics. In addition, performance was close scrutinised by the PAC. We evidenced a clear link

	between the IJB's current strategic risks and reporting except in relation to workforce (cf Section B4 below).
II.	Following review and public consultation, the new 2019/22 Strategic and Commission Plan was approved by the IJB in March 2019. During 2018/19, the IJB was kept updated on the development of plan. Management has informed us that the IJB also contributed to the development of the Dundee City Council and NHS Tayside Local Delivery Plan and Transforming Tayside Plan.
III.	The IJB reviewed the final draft of NHS Tayside's Public Health Strategy, this included participation in the development and implementation of an action plan and the evaluation of the impact of the strategy.
IV.	The IJB approved the Primary Care Improvement Plan and this has now been submitted to the Scottish Government.
V.	In March 2019, the IJB also approved the Equality Outcome and Mainstreaming Framework 2019/2021.
VI.	The 2017/18 Annual Performance report was submitted to the IJB for approval in August 2018. We commend the strong focus of the PAC on scrutiny of performance throughout the year as well as the comprehensive reporting provided.
VII.	Following our assessment of the IJB risk maturity, a Risk Management Action Plan was developed and approved by the PAC on 12 February 2019.
VIII.	The PAC met on 6 occasions during 2018/19. We commend good practice that following each meeting, a Chair's assurance report is provided to the IJB on instructions issued by the committee and any issues to highlight to the Board.
IX.	Amendments to the standing orders including updated terms of reference for the PAC were approved by the IJB in December 2018.

A2 – Planned and ongoing developments

Many of these areas have been identified as requiring development for a number of years but remain outstanding.

- I. Dundee IJB has undertaken a self assessment against the proposals contained in the Ministerial Strategic Group for Health and Community Care '*Review of Progress with Integration of Health and Social Care, Final Report, February 2019*'. A report on the outcome of this exercise is planned for presentation to the IJB in June 2019. This will include actions agreed with Dundee City Council and NHS Tayside, which should be monitored by the PAC alongside previous, similar actions recommended by Internal Audit.
- II. In response to the Internal Audit assessment of risk maturity, a Risk Management Action Plan was developed and approved by the PAC on 12 February 2019. A progress update will be presented to the PAC in September 2019. The Risk Management Action Plan aims to:
 - ◇ Agree a common set of risk management principles across NHS Tayside, Dundee City Council and the IJB
 - ◇ Update the IJB Risk Management Strategy, including the responsibility of the PAC in reviewing the risk management system and the escalation process

	<ul style="list-style-type: none"> ◇ Agree which parent body risk management IT system will be used to record IJB risk ◇ Develop operational procedures and policies, including the methodology to be used to examine the effectiveness of the risk management system ◇ Organise an annual horizon scanning event to ensure all risks are captured in the Strategic Plan
III.	We also note that work is ongoing across the three Tayside partnerships to update and enhance risk management arrangements especially in relation to processes for ownership, identification and escalation of risk between the IJBs and their partners which may impact on Dundee IJB as it progresses this work.
IV.	We commend the development of the Governance action plan which was presented in March 2019 a progress report is planned for future PAC meetings.
V.	In addition, the IJB was updated in relation to the Governance principles developed by a pan-Tayside short life working group which have previously been agreed by NHS Tayside for HSCI. The IJB has now requested that an agreement is reached between Dundee City Council and NHS Tayside on governance principles as they apply to Dundee IJB.
VI.	In line with the national picture, work in relation to further clarification in relation to Large Hospital services and set aside budget remains outstanding and remains a concern. In its response to the MSG report, the Dundee HSCP notes that it is the intention to shift the balance of care as reflected in the overarching Strategic Commissioning Plan 2019/2022.
VII.	Audit work for D06/17 Workforce as well as discussions with management have highlighted that concerns still exist around the adequacy of the level of support services provided by the statutory partners. This impacts on the organisation's ability to progress more complex developments such as LHSA. Whilst the IJB has been informed of progress with the restructure of the finance function, there has been no reporting to governance level showing where capacity has constrained further improvements.
VIII.	The development of Communication and Engagement Strategy is in progress and will be presented to a future meeting of the IJB as an essential companion document to the Strategic Commissioning Plan.
IX.	Internal Audit report D05/18 Transformation and Service Redesign recognised that there has been a conscious effort made by management to bring together and co-ordinate the disparate strands of the transformational change programmes, but assessed arrangements currently in place as inadequate (Category D). A detailed action plan has been agreed by management and presented to the PAC who should monitor progress. It is clear from the 2019/20 budget that there is a risk of a material shortfall in resources to deliver the Strategic plan, reporting on transformational change to the IJB should reflect its importance to the IJB, focused on providing an overall picture of progress and risks to delivery.
X.	Last year's annual report noted that it was intended to frame the performance report information the context of the delivery plan to ensure that operational delivery of the new Strategic Commissioning Plan can be monitored, but this has not as yet come forward to the PAC. Whilst performance reporting can indicate progress against the organisation's vision and priorities, we would

<p>XI.</p> <p>XII.</p>	<p>recommend a Delivery plan to track actions which will support implementation of the Strategic Commissioning Plan.</p> <p>Further work is required to develop formal induction programme for new IJB members. This is included in the Governance Action plan and is to be taken forward with organisational development from partner bodies. Development events took place during the year, both for the full IJB (primarily in relation to the development of the financial plan) and for PAC members. We would additionally recommend that a future development session of the PAC considers the use of an Audit Committee Self assessment, such as the Scottish Government's Audit and Assurance Committee handbook.</p> <p>The committee report template now includes a section on directions to ensure clarity where the IJB is asked to make a decision. The Dundee MSG Self Assessment recognises the need for further improvements in relation to the use of directions, including a clearer link to financial implications.</p>
<p>A3 - Recommended further issues for consideration by management</p>	
<p>Many important governance areas where we would further development is required have already been identified by management and are included in the Governance Action Plan.</p> <p>The following additional internal audit recommendations from previous annual reports remain extant:</p>	
<p>I.</p> <p>II.</p> <p>III.</p>	<p>The Governance Principles referred to in Para V above will have implications for the IJB's governance documents, including the Standing Orders, Scheme of (further) Delegation and Standing Financial Instructions. Whilst governance documents including the Standing Orders have been kept up to date, we would recommend that any changes necessitated by a formal agreement on integration governance to be reached should be taken into consideration as part of any future updates as part of a cycle of continuous review.</p> <p>We previously noted a number of instances where a decision taken by the IJB/PAC was not implemented as originally envisaged. We recommend that consideration be given to providing a formal action points update for each meeting of the IJB and PAC as well as development of an annual workplan to which any reports which are to come forward can be added when agreed.</p> <p>We previously recommended that the PAC provides a year-end report to the IJB, including a conclusion on whether it has fulfilled its remit, delivered the functions delegated to it by the IJB, and its view on the adequacy and effectiveness of the matters under its purview. This is not yet in place. Any report to be produced should also reflect on any matters of concern for future consideration. This should be provided in future years ahead of consideration of the Governance Statement.</p>

We also make the following additional recommendations arising from this year's review:

- IV. Minutes of the Dundee IJB and PAC meetings are minimalist and do not provide a record of discussions, questions asked and assurances provided which would allow interested parties, including Board members not in attendance, a fuller understanding of the issues. It is possible that this links to the issue highlighted in II above re the implementation of agreed decisions. We would recommend that consideration be given to how the organisation can ensure that the IJB and PAC minutes and papers provide a full and accurate account of the business undertaken and the assurances and challenges at each meeting. Documentation should be sufficiently detailed to ensure members receive sufficient information to identify key issues and areas of concern.
- V. As the number of completed audits grows, there will be an increasing number of agreed audit recommendations. Progress on these is currently monitored through the overall Governance Action Plan. Consideration should be given to the IJB establishing an audit follow up process, as distinct from the more high level governance improvement actions currently reported through the Governance Action Plan.
- VI. Whilst arrangements are not yet sufficiently mature to allow the organisation to conclude definitively on Best Value, the 2017/18 Annual Performance Report set out the organisation's position against 'National Outcome 9: Resources are used efficiently and effectively' which looks to test whether *'Best Value is delivered and scarce resources are used effectively and efficiently in the provision of health and social care services.'* Consideration should be given to enhancing this section in the annual performance report going forward.

B - Clinical & Care Governance/ Financial Governance/ Staff Governance/ Information Governance
B1 - Key Financial and Information Governance arrangements in place as at year end 2018/19
<ul style="list-style-type: none"> I. Financial Monitoring Reports were regularly considered by the IJB throughout 2018/19, including details on hosted services' financial position and a projected outturn position. II. The draft financial outturn position for Dundee Health and Social Care Partnership subject to external audit, based on expenditure to 31 March 2019 showed a net underlying overspend position of ca£1.8M. However, this was covered through the planned use of reserves. III. The IJB has been kept regularly updated on the preparation of the 2019/20 Financial plan including development events for members. The final version was approved in March 2019 alongside the 3 year Strategic Commissioning plan, which also contains the organisation's first multi-year financial framework. IV. Following the implementation of the General Data Regulations on 25 May 2018, the IJB received an update on progress. It was noted that Dundee City Council employees are required to complete mandatory e-learning module in data protection regulations and the position with NHS Tayside employees would be established to ensure consistency of approach and that effective resilient processes are in place.
B2 - Key Clinical & Care Governance arrangements in place as at year end 2018/19
<ul style="list-style-type: none"> I. The IJB and PAC have been regularly informed of Clinical, Care & Professional Governance issues including: <ul style="list-style-type: none"> ◇ Duty of candour – Planned work for the implementation of duty of candour procedure that came into force on 1 April 2018. ◇ Outcomes and improvement plans arising from External inspections ◇ Annual complaints performance ◇ Chief social work annual report 2017/18 ◇ Dundee Adult Support and Protection Committee Convenors Biennial report 2016-2018 – summary of work undertaken and priorities identified for 2018-2020. ◇ Dundee child protection committee annual report 2017/18 – included a summary of work undertaken and identified future priorities. Noted key achievements ◇ Clinical Care and Professional Governance Group– mid-year update on progress II. The overall Governance Reporting Framework for Dundee Care and Professional Governance was also presented to the NHS Tayside Clinical Quality Forum in January 2019 who found this very helpful.

B3 - Key Staff Governance arrangements in place as at year end 2018/19
<p>I. A HSCP Staff forum co-chaired by the Chief Officer and Staff side representative is in place. This group considered a range of subjects during the year, including progress with the Workforce plan, transformation programme & service redesign, as well as topics covering corporate support functions including those of the partners to support the HSCP.</p>
B3- Planned and ongoing Financial Governance developments
<p>I. The Strategic Commissioning Plan outlines a 3 year financial framework. The framework will continue to be refined over the period of the plan as assumptions around cost pressures, funding levels, demographic demand and the pace of transformation are known. The framework estimates a £5.9m deficit in 2019/20, £3.2m deficit in 2020/21 and £3.3m deficit in 2021/22.</p> <p>II. In order to provide a 2019/20 balanced budget, Dundee IJB requires to identify savings of £5.9m which were outlined in the Proposed Savings Programme 2019/20 reported to the IJB in March 2019. The IJB noted the remaining funding gap of £500k. Given the challenging financial position including the use of reserves in 2018/19 to achieve financial balance, this presents a significant risk to the financial position for 2019/20 and highlights the importance of robust arrangements for both corporate support capacity as well as scrutiny at governance level.</p> <p>III. As noted under A2 above, given the risk that there is a material shortfall in resources to deliver the Strategic plan, reporting on transformational change to the IJB should reflect its importance to the IJB, focused on providing an overall picture of progress and risks to delivery.</p>
B4- Planned and ongoing Workforce Governance developments
<p>I. Progress in relation to the actions arising from Internal Audit report D06/17 Workforce originally envisaged for August 2018 remains behind schedule.</p> <p>◇ A formal service level agreement detailing all key corporate services provided to the IJB by NHS Tayside and Dundee City Council has not progressed. The current level of corporate support provided to the IJB continues to be monitored by the DHSCP Management Team.</p> <p>◇ Following an Internal Audit report, it was agreed that the revised Workforce and Organisational Development Strategy & Plans would be presented to the IJB meeting in April 2019. It is now planned to come to the Integration Joint Board for approval in August 2019. We would stress the importance of this enabling strategy to the delivery of the Strategic Commissioning Plan.</p>
B5- Planned and ongoing Clinical & Care Governance developments
<p>Many of these areas have been identified as requiring development for a number of years but remain outstanding.</p>
<p>I. The Clinical, Care & Professional Governance Framework GIFRE is currently under review across Tayside. Substantial progress has been reported in implementing actions in response to internal audit report D07/17 - Clinical, Care & Professional Governance, but a number of complex issues including hosted services, especially Mental Health, remain.</p>

<p>II. The development of a Chief Social Work Officer Governance Framework was presented to the IJB. The framework will provide assurances on the quality of social work services. The Chief Social Work Officer will present a 2018/19 Annual Report to the IJB.</p> <p>III. An annual report of the Clinical, Care & Professional Governance Group is planned for the June 2019 meeting in line with other governance assurance reports.</p>
<p>B6- Recommended further issues for consideration by management</p>
<p>Many important governance areas where we would expect further development have already been set out in previous audit reports or identified by management and are included in the Governance Action Plan and/or the MSG response.</p> <p>Detailed recommendations in relation to Information Governance and Finance will be set out in Internal Audit report D04/19 and D05/19 respectively where fieldwork is currently ongoing.</p>

ACKNOWLEDGEMENT

28. On behalf of the Internal Audit Service I would like to take this opportunity to thank the Chief Officer and Chief Finance Officer of the IJB as well as staff within the partnership for the help and co-operation extended to Internal Audit throughout the year.

A Gaskin, BSc. ACA
Chief Internal Auditor

Ref.	Finding	Audit Recommendation	Priority	Management Response/ Action	Action by/Date
1.	<p>Last year we recommended that a Governance Action Plan be created to include actions within the annual Internal Audit report, a RAG rating for outstanding issues and include greater clarity on whether the action is on track, remedial action taken and the effectiveness of that action. This Governance Action Plan was now approved in March 2019. Many areas noted here have remained outstanding from previous years.</p> <p>The need for immediate governance improvements has crystallised through the publication of the Ministerial Steering Group (MSG) report, which shows that most of the problems we have identified locally are replicated across Scotland. The IJB submitted its response subject to further revisions in May 2019. Whilst many areas were assessed as established, with around a 40% as <i>'Partly established'</i>, proposed improvement actions are included against all proposals.</p> <p>There is considerable duplication between our previous findings and those of the MSG.</p>	<p>We further recommend that the Governance Action Plan is extended so that the implementation of actions arising from the MSG report can be incorporated and monitored, taking account of the considerable duplication between our findings and those of the MSG.</p> <p>It is vital that the Audit Committee regularly monitors progress in implementing the actions arising for the MSG report as well as previously agreed governance actions and is aware of the consequences to the overall control environment of any non achievement.</p> <p>Specifically, the following of our findings should be covered by this action plan and have not been duplicated in a separate action in this report:</p> <ul style="list-style-type: none"> • Clarification of overall Governance & Accountability arrangements • Use of Directions • Corporate and other support arrangements to address overall IJB capacity • Large Hospital Services and Set Aside Budget • Induction and development for members 	2	<p>Agreed – Chief Finance Officer will continue to provide an update to each Performance and Audit Committee of progress of the Governance Action Plan, including actions arising from the MSG Self Assessment. The Integrated Strategic Planning Group will take a lead role in working with Dundee City Council and NHS Tayside to identify specific arrangements and resources to support the progression of the MSG areas for improvement.</p>	<p>Chief Finance Officer – MSG Progress Report by December 2019</p>

Ref.	Finding	Audit Recommendation	Priority	Management Response/ Action	Action by/Date
2.	Following on from the work on governance principles, the principles adopted will have implications for the IJB's governance documents, including the Standing Orders, Scheme of (further) Delegation and Standing Financial Instructions.	Whilst governance documents including the Standing Orders have been kept updated, we would recommend that any changes necessitated by a formal agreement on integration governance to be reached should be taken into consideration as part of any future updates as part of a cycle of continuous review.	2	Agreed – Arrangements to be made with the Clerk to the Board to ensure regular review of overarching governance frameworks	Chief Officer / Clerk to the Board Ongoing
3.	Last year's Annual Internal Audit report previously noted that it was intended to develop the performance report information into a delivery plan framework to ensure that operational delivery of the new Strategic Commissioning Plan can be monitored, but this has not as yet come forward to the committee.	Whilst performance reporting can indicate progress against the organisation's vision and priorities, we would recommend a Delivery plan to track actions which will support implementation of the Strategic Commissioning Plan	2	Agreed – Performance reporting continues to evolve and throughout 2019/20 onwards will consider progress of actions within the new Strategic and Commissioning Plan. This will initially be taken forward through the Integrated Strategic Planning Group for reporting to the Performance and Audit Committee.	Chief Finance Officer (as Head of Finance and Strategic Planning) October 2019
4.	Development events took place during the year, both for the full IJB (primarily in relation to the development of the financial plan) and for PAC members.	We would additionally recommend that a future development session of the PAC considers the use of a formal Audit Committee Self assessment, such as the Scottish Government's Audit and Assurance Committee handbook or the CIPFA "Self-Assessment of Good Practice" for Audit Committees.	3	Agreed – Structured induction and development programme to be developed particularly given recent turnover in IJB/PAC membership	Chief Finance Officer October 2019
5.	We previously recommended that the PAC provides a year-end report to the IJB. This is not yet in place.	Any report to be produced should include a conclusion on whether it has fulfilled its remit, delivered the functions delegated to it by the IJB, and its view on the adequacy and effectiveness of the matters under its purview. It should also	2	Agreed as best practice. Report to be planned for the April 2020 IJB meeting	Chief Finance Officer/Chair of PAC April 2020

Ref.	Finding	Audit Recommendation	Priority	Management Response/ Action	Action by/Date
		reflect on any matters of concern for future consideration. This should be provided in future years ahead of consideration of the Governance Statement.			
6.	Minutes of the Dundee IJB and PAC meetings are minimalist and do not provide a record of discussions, questions asked and assurances provided which would allow interested parties, including Board members not in attendance, a fuller understanding of the issues. We previously noted a number of instances where a decision taken by the IJB/PAC was not implemented as originally envisaged.	We would recommend that consideration be given to how the organisation can ensure that the IJB and PAC minutes and papers provide a full and accurate account of the business undertaken and the assurances and challenges at each meeting. Documentation should be sufficiently detailed to ensure members receive sufficient information to identify key issues and areas of concern. We recommend that consideration be given to providing a formal action points update for each meeting of the IJB and PAC as well as development of an annual workplan to which any reports which are to come forward can be added when agreed.	2	Agreed in order to ensure full transparency with a balanced approach to recording the essence of discussions to be achieved. Clerk to the Board/Chief Officer and Chief Finance Officer to develop this approach further Action plan for officers already developed for PAC. Consideration to be given to how this could be incorporated within IJB/PAC agendas while providing sufficient time for discussion and debate for substantive meeting items. Consideration to be given to the development of an annual workplan.	Chief Officer/Chief Finance Officer / Clerk to the Board September 2019 Chief Officer/Chief Finance Officer/Clerk to the Board September 2019
7.	As the number of completed audits grows, there will be an increasing number of agreed audit recommendations. Progress on these is currently monitored through the overall Governance Action Plan.	Consideration should be given to establishing an audit follow up process, as distinct from the more high level governance improvement actions currently reported through the Governance Action Plan.	3	Agreed – detailed actions arising from internal audit reports currently subject to regular update reporting to PAC. Advice to be taken from Chief Internal Auditor as to key features of implementing an audit follow up process	Chief Finance Officer September 2019

Ref.	Finding	Audit Recommendation	Priority	Management Response/ Action	Action by/Date
8.	Whilst arrangements are not yet sufficiently mature to allow the organisation to conclude definitively on Best Value, the 2017/18 Annual Performance Report set out the organisation's position against 'National Outcome 9: Resources are used efficiently and effectively' which looks to test whether ' <i>Best Value is delivered and scarce resources are used effectively and efficiently in the provision of health and social care services.</i> '	Consideration should be given to enhancing this section in the annual performance report going forward.	3	Agreed – further learning from other IJB's reporting with regards to Best Value to be gained and considered for reflection in the 2019/20 Annual Performance Report.	Chief Finance Officer June 2020

